

Message Text

UNCLASSIFIED

PAGE 01 ROME 01285 261759Z

53

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 H-02 PA-02 PRS-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 /092 W

----- 035706

O R 261700Z JAN 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5355

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS ROME 1285

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN EXCHANGE MARKET DEVELOPMENTS

1. ITALIAN EXCHANGE MARKET WAS SURPRISINGLY CALM ON JANUARY
26. DOLLAR/LIRA EXCHANGE RATE TAKEN FROM FRANKFURT MARKET
FIXING WAS 731.72, COMPARED WITH 733.45 ON JANUARY 23.
SINCE JANUARY 20 (LAST DAY BEFORE BOI WITHDREW FROM MARKET),
LIRA HAS DEPRECIATED AGAINST DOLLAR BY 6.6 PERCENT, FROM
686.725 TO 731.72 LIRE PER DOLLAR. BANK OF ITALY CALCULATION
OF WEIGHTED AVERAGE DEVALUATION OF LIRA SINCE FEBRUARY 1973
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 01285 261759Z

SECOND DOLLAR DEVALUATION (ALSO BASED ON FRANKFURT) WAS

25.82 FOR ALL CURRENCIES, 20.60 FOR DOLLAR AND 29.83 FOR EC CURRENCIES ON JANUARY 26. THESE COMPARED WITH CORRESPONDING DEVALUATIONS OF 25.92, 20.79 AND 29.86 PERCENT ON JANUARY 23.

2. LIRA OPENED AGAINST DOLLAR MORNING OF JANUARY 23 AROUND 736/739, APPRECIATED TO RANGE 732,733 AROUND MID-DAY AND WAS AROUND 729/731 AT 1630 LOCAL TIME. THERE WAS EVIDENCE THAT NON-BANK PARTICIPANTS IN EXCHANGE MARKETS ARE GRADUALLY RE-ENTERING MARKET, PARTICULARLY IF THEY ARE UNABLE TO DELAY MAKING PAYMENTS OR SURRENDERING EXCHANGE INCOME BEYOND DATE ON WHICH THEY EXPECT CENTRAL BANK TO RE-ENTER MARKET. ONE MILANESE EXCHANGE MARKET TRADER WAS SURPRISED AT CALMNESS OF MARKET AND WONDERED IF SOME CENTRAL BANK (OTHER THAN BANK OF ITALY) WAS INTERVENING IN SUPPORT OF LIRA. IN CONTRAST WITH GENERAL VIEW REPORTED IN ITALIAN PRESS THAT BANK OF ITALY WOULD RE-ENTER MARKET WITHIN NEXT FEW DAYS, THIS TRADER THOUGHT IT MIGHT BE SEVERAL WEEKS BEFORE BANK WOULD COME BACK INTO MARKET. HE THOUGHT THAT BANK WOULD WAIT FOR SOME RESOLUTION OF POLITICAL CRISIS AND THAT BANK WOULD ALSO WANT TO HAVE CLEARER IDEA OF REAL MARKET VALUE OF LIRA. VOLPE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, FOREIGN EXCHANGE, FOREIGN EXCHANGE TRANSACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME01285
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760029-0412
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760121/aaaaashf.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUN 2004 by schwenja>; APPROVED <10 NOV 2004 by blochd0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALIAN EXCHANGE MARKET DEVELOPMENTS
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006